

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

Notice of Market-Dominant Price Adjustment –
Promotions and First-Class Mail Parcels

Docket No. R2016-5

CHAIRMAN'S INFORMATION REQUEST NO. 1

(Issued May 25, 2016)

To clarify the Postal Service's notice of its intent to adjust the prices of certain Market Dominant products,¹ the Postal Service is requested to provide written responses to the following questions. The responses are due June 1, 2016.

Inbound Letter Post

1. The following requests concern the calculation of revenue for Inbound Letter Post from certain countries, which is used to derive the percentage change in price for Inbound Letter Post. Please refer to Library Reference USPS-LR-R2016-5/NP1, May 16, 2016 (First-Class Mail International Workpapers (Nonpublic)), Excel file "Inbound CAPCALC-FCMI-R2016.xlsx," tabs "Inbound FCMI Rates," "IB FCMI Revenue Calculation," and "Air Conveyance Revenue."
 - a. Please refer to Universal Postal Union (UPU) International Bureau Circular 80, dated May 2, 2016, which includes the final quality-of-service linked terminal dues for Calendar Year (CY) 2015.²

¹ United States Postal Service Notice of Market-Dominant Price Adjustment, May 16, 2016 (Notice).

² Universal Postal Union, International Bureau Circular 80, Final 2015 quality of service-linked terminal dues rates, May 2, 2016, at Annex 1, Tables 1.1, 1.2, and 2.2.

- i. Please explain why the Postal Service used the provisional quality-of-service linked terminal dues rather than the final terminal dues rates in Library Reference USPS-LR-R2016-5/NP1.³
 - ii. Please provide amended workpapers that incorporate the final quality-of-service linked terminal dues in place of the provisional terminal dues.
- b. Please refer to the UPU Country Groups and associated terminal dues for the following Summary of International Revenue and Volume, Outbound, and International Origin and Destination Information System (SIRVO) Country Codes: 713, 719, 720, 738, 758, 791, 868, 933, 936, and 966.
 - i. Please confirm that each of the above Country Groups and its associated terminal dues are consistent with the decisions of the 2012 Doha Congress.⁴
 - ii. If not confirmed, please explain each apparent discrepancy. If applicable, please file amended workpapers.
- c. Please refer to the UPU Country Groups for the following SIRVO Country Codes: 730, 753, 769, 801, 829, 832, 836, 872, 874, 881, 903, 929, 939, 940, 941, and 942.
 - i. Please confirm that each of the above UPU Country Groups is correct.
 - ii. If not confirmed, please file amended workpapers.

³ See e.g., Library Reference USPS-LR-R2016-5/NP1, Excel file “Inbound CAPCALC-FCMI-R2016.xlsx,” tab “Inbound FCMI Rates,” cells B13, B30, B47, and B62 (citing Universal Postal Union, International Bureau Circular 112, Provisional 2015 quality of service linked terminal dues rates, June 30, 2014, at Annex 1, Tables 1.1, 1.2, and 2.2).

⁴ Universal Postal Union, Compendium of Congress decisions from 1947 (Paris) to 2012 (Doha), Resolution C 77/Doha 2012, Classification of countries and territories for terminal dues and Quality of Service Fund (QSF) purposes, 180-192;
http://www.upu.int/uploads/tx_sbdownloader/actCompendiumDecisionsCongressEn.pdf.

- iii. Please provide the source of each of the above UPU Country Groups.
- d. Please refer to Article 34, paragraph 6 of the Universal Postal Convention Letter Post Manual, which states “...where the terminal dues levied by the designated operator of destination are based specifically on costs or on domestic rates, no additional reimbursement for internal air conveyance shall be made.”⁵
 - i. Please confirm that the terminal dues for the countries listed in UPU Country Group 1.1 are based on domestic rates and will not receive additional reimbursement for internal air conveyance charges. If confirmed, please explain why the workpapers’ calculation of internal air conveyance revenue includes weight for the countries listed in UPU Country Group 1.1. If applicable, please file amended workpapers.
 - ii. If not confirmed, please explain why the terminal dues for the countries listed in UPU Country Group 1.1 do not already include air conveyance charges.
- 2. Please identify which, if any, nations are asking the Postal Service to apply the downward revision mechanism for Inbound Letter Post.

Standard Mail

- 3. Please refer to Library Reference USPS-LR-R2016-5/2, May 16, 2016 (Standard Mail Workpapers), Excel file “Mail Drives Mobile 2015.xlsx,” tab “Revenue Forgone Comm LFP,” cell D73 reports the revenue forgone for Commercial Flats is \$8,154,047 and Excel file “CAPCALC-STD-R2016-5.xlsx,” tab “Promotions,” cell B8 reports the revenue forgone for Commercial Flats for the Mail Drives

⁵ International Bureau of the Universal Postal Union, Universal Postal Convention Letter Post Manual, 4th ed., January 1, 2016, at Art. 34, ¶ 6.

Mobile Current (2015) promotion is \$8,154,057. Please resolve this apparent discrepancy.

4. Please refer to Library Reference USPS-LR-R2016-5/2, May 16, 2016 (Standard Mail Workpapers), Excel file “CAPCALC-STD-R2016-5.xlsx,” tab “Promotions,” cell G29 reports \$76. Please confirm cell G29 should report (\$76). If not confirmed, please explain.
5. Please refer to Library Reference USPS-LR-R2016-5/2, May 16, 2016 (Standard Mail Workpapers), Excel file “CAPCALC-STD-R2016-5.xlsx,” tab “Promotions,” cell I20 reports the revenue forgone for Emerging Tech-Tactile (Planned 2017) equal to (\$2,416,369) and Excel file “Tactile Sensory 2017.xlsx,” tab “Revenue Forgone Comm HD SAT CR” reports the revenue forgone equal to (\$2,429,405) (sum of cells D14:T14, D15:T15, D16:T16, D17:T17, D18:T18, D19:T19, D20:T20 and D42:T42). Please resolve this apparent discrepancy.
6. Please refer to Library Reference USPS-LR-R2016-5/2, May 16, 2016 (Standard Mail Workpapers). Please provide the year for the data included in the following worksheets:
 - a. Excel file “Tactile Sensory 2017.xlsx,” tab “Tactile Sensory Data.”
 - b. Excel file “Mobile Shopping 2017.xlsx,” tab “Mobile Shopping Data.”
 - c. Excel file “Mail Drives Mobile 2015.xlsx,” tab “Mobile Shopping Data.”
 - d. Excel file “Emerging Tech 2017.xlsx,” tab “Emerging Tech.”
 - e. Excel file “Emerging Tech 2015.xlsx,” tab “Emerging Tech.”

Mail Classification Schedule

7. Please refer to the Postal Service’s proposed changes to the Mail Classification Schedule. See Notice, Attachment A.
 - a. Please confirm that the date for all proposed changes to section 1120.5 is August 28, 2016. If not confirmed, please explain.

- b. Please confirm that the date for all proposed changes to sections 1110.4, 1110.5, 1115.4, 1115.5, 1205.5, 1205.6, 1210.5, 1210.6, 1215.5, 1215.6, 1220.5, 1220.6, 1225.5, and 1225.6 is January 1, 2017. If not confirmed, please explain.

By the Acting Chairman.

Robert G. Taub